Libraries Corporation, and Rural Healthcare Corporation, which subsidies telecommunication costs for rural healthcare providers.

The next slide is another version of what RUS talked about yesterday. Compare these to the questions they asked yesterday. Can you sustain a telephone company? Will it improve service? Will it offer employment opportunities to community members?

The economic impact of tribally owned telephone companies has been employment opportunities for their own members. It's meant a long-term sustainable business. The infrastructure placement has leads to improved communication services, developed skill telecommunication work force, and an opportunity to diversify in other lines of business.

Utility ownership considerations. When you start to develop a plan, you should also identify a team and the different skills necessary -- business management, engineering skills, legal skills, financial, and marketing skills and, incorporate a training component into all of those. This way you will not be dependent on outside consultants for the long term. In short, the people sitting around the table should actually represent all of these skill sets, in talking about telephone utility development.

A feasibility study is part of ownership process, part of RUS requirements, and is just good business. Identify whether a telephone company is viable for your community. Because when you're looking at the feasibility of a utility, you would look at the number of homes, plus telephone lines going into each business. Many Tribes have hotels, casinos, and are diversifying into other areas of business like with SBA 8(a) contracts. Therefore, the whole community needs to be assessed.

Acquisition and appraisal. The telephone penetration rate for Indian Country is about 35 to 40 percent, we will need to have someone come and do an assessment, or an appraisal of that network. An appraisal considers the condition of the copper plant, the cable in the ground, and the age of it. Some of our reservation infrastructure is probably 30 years and maybe older. You buy what is actually invested there and you negotiate a price – you just don't buy blue sky.

Network design is a big component. If you're thinking about working with RUS, the network design is the loan design. It is typically done by engineers. Its cost reflects construction, the electronics and the cost to build-out the design.

Business plan. Who is going to work in your company? Who's going to manage it? Who's going to take care of the customers? Things like that. All of those considerations are important, and that pretty much is the process.

Some people have asked, in Tribal communities, what if we build our own telephone community. What happens -- are we only going to be able to talk to each other? Well, what the industry calls the telephone network, all the lines that connect throughout the country is the public switch network.
But what a tribe company does is build out their local loop or local area, in their community, and arrange interconnection agreements to the companies that are operating near them. That why they can become part of the public switch network. So you're not only talking to people in your own community, but you're talking to the world.

We always want to make sure that we're doing something where we can find resources and support. Tribes that already own and operate telephone utilities aren't just looking at providing telephone service, but they are providing Internet, telehealth applications to hospitals, distance learning to schools and hospitals, and doing electronic commerce. A couple of gentlemen here from Uniband is in the business of a tribe doing electronic commerce.

By providing those services, you become a one-stop service provider. So when people come to your company, what you offer them is not only local telephone service, but as you grow and become -- more competent in providing this service, you're able to provide cable TV, long distance services, Internet service, and wireless services. Wireless and wireline services compliment each other. It's not either or, when it comes to these technologies.

Funding Options. The lending agency that typically works with a Tribe to develop rural utility or telecommunication capabilities is the Rural Utility Service. Overall, there's not been a lot of technical assistance and outreach to Tribes. RUS knows of our situation because they've identified new statistics for us. I think that now they know that we know, we have an opportunity to do something and talk with them about possibilities. Other sources are:

- The rural telephone bank or CoBank which complements the Rural Utilities Service program.
- Bureau of Indian Affairs guaranteed loans
- Administration for Native Americans --SEDS grant
- First Nations Development Institute (described at end of this document, by attendee Rebecca Seib.

MR. YAWAKIE: My name is Mel Yawakie, including my internship I've been working in the telecommunication industry for the past 11 years. I've been involved with outside plant design engineering, central office equipment engineering. I currently work in a lab where we test new services utilizing new technologies.

Throughout the years, I've realized the importance of the design of a network, and how that affects the services, in our communities. Working in a major city, I realize that the businesses are very dependent upon telecommunication for the survival of their businesses as well as, its impact on economic development and jobs.

I want to illustrate an actual servicing area that includes a reservation and trust land. We have three serving exchange areas. The central offices are buildings that house all the telecommunication equipment, which serves these three areas. Therefore, in this example, the reservation here is being served by these three exchange areas, with a central offices being located outside the reservation boundaries.

If your requirements are digital lines such as, T1's, T3's, they become very costly with the central offices located as they are since these services are distance or mileage priced. In this example, that would mean that for the reservation, T1 services become a costly issue.

Certain transport technologies are distance limited. ISDN, for example, "Integrated Service Digital Network", works on existing copper infrastructure. ISDN as a service, gives you integrated voice, video, and data. Those are limited to 18 kilofeet. A customer beyond the 18 kilofeet would not be capable of having ISDN service unless repeaters are used and that becomes costly.

In this situation, we have the central offices, which are the core of the exchange areas. When designing the outside plant, the copper or of the fiber are tapered. The longer your loop, the more the resistance it becomes. You also have different types and sizes of copper plant. The smaller the gauge, the bigger diameter of your copper provides less resistance. With less resistance, signal can be sent at greater distances, but it's more expensive.

When you look at this scenario, the embedded plant, or the cables that are in the ground taper towards the reservation. With the three central offices located off the reservations and trust land, the cables taper from the three different exchange areas. By the time cables reach the reservation and trust land areas, you're at a long loop.

MR. NEEDHAM: I think Melvin will talk about this situation, where if you look on the left and the right wire centers, by the time they hit the middle, they're really almost a long distance call, between one side of the reservation to the other. So, when Melvin talked about your digital services you need to know that transmitting digital information is more sensitive than your analog. The longer your loop in digital infrastructure, the more problems you will have because you have more repeaters/boosters. The physical number of splices and length of cable creates the problems.

MR. YAWAKIE: The tapering almost requires you to build out a new infrastructure. You have less number of copper lines, because it is tapering from the central offices. This creates an opportunity for the Tribes to build out an architecture that consists of the new technologies. For an existing company to upgrade to that with an embedded infrastructure, it's more costly.

This is probably the typical reservation situation where the central office serves the reservation through a remote terminal. A remote terminal is an extension of a central office. It gives you more paired facilities.

MR.BEAVER: When you're doing your feasibility studies, is it important to have a map of existing services within the areas, so that you can determine the adequate nature of the services supplied to the reservation?

MR. YAWAKIE: Yes, this is very important in planning – Geographic Information Systems are often used. The zoning process is also very crucial in determining the design of the network. Do a five-year forecast. You definitely need zoning maps. If I'm going to do any growth jobs, or any rehab work, usually the first place that I would visit will be the city hall to talk to a city planner to determine what kind of zonings that they have. These maps help size out your network taking into consideration whether it is business or residential. You also need other forecast information.

MR. NEEDHAM: Also, some of the existing network facilities is old. Yesterday someone talked about aircore cables. That cable was placed quite a while ago. The new cable is jelly-filled, so you don't have any problems with water penetration. You need to look at whether it is worth saving. Therefore, you have to have plan how you will continue to serve existing customers as well as establish your network. Use the existing facilities until you can bring your network up to where you want it to be. Then how are you going to cut the people over to the new services? You have to look at those factors.

You will also need to know your terrain. I have done technical planning in Oregon, on the I-5 corridor in the Eugene area. Some of areas were pure rock. You have to blast through. Ask the other guys who have

set up their networks already. What did they run into? JD Williams yesterday, talked about running into archaeological problems.

MR. YAWAKIE: Consider the condition of the plant. When we did this study, some of that plant was so old, and had deteriorated to a point that it was unusable for reliable services. The entity that was selling these exchanges wanted more then what it was worth. You need to look at what it's going to cost you to serve your customers.

MR. BEAVER: Another factor, like Pat said is that we need to look at things from outside of the plant. In this case, you have the three serving wire centers on the boundaries of the reservation with the same type of switch in all locations. So when a person on the right-hand side of that map makes a telephone call to someone in the west exchange, that traffic has to get back over there somehow to get to that telephone number. If the reservation was to take over the exchange, you would probably have it centrally located in the reservation boundaries. Now you need to tie all this and figure out how you will talk to outside exchanges. You don't want to isolate yourself and, make yourself an island.

As we were planning this session, Mel said that they were trunking all their traffic through the Mesa View office, and a year later, after all the planning. A highway was announced for a location through the middle of the reservation. During road construction, we try to put our cable in the ground at the same time. On some reservations today they have a fiber that's crossing the reservation. However, the fiber is like a big pipe of water. It's crossing through the reservation, but it's not for your use.

It's like tapping into a pipe with 1000 pounds of pressure and trying to get a little spigot of water out of it. There's no way you're going to be able to tap into that existing pipe without causing a major problem. So really, the existing fiber that does run across some of the reservation and Indian land really isn't going to be of any use to anybody. You really have to build and size your plant based on your needs, and I think that's what Melvin was getting at about zoning.

I don't know any reservations that zone for residential, business, and those types of situations. However, those things need to be taken care of when you design your plant. If you don't consider these things, you could end up spending more money by redesigning the network for new needs. If there isn't any way to zone any type of area, you will need to make a good engineering decision.

MR. GARCIA: You have three other exchanges in that map, right? Was that mostly driven by distance and the amount of loading per section? Is that what drove the different exchanges, rather than having a central switch that could extend to all areas of the reservation?

MR. YAWAKIE: I would have a design engineer locate the central office in the center or at the location nearest the highest population density within the reservation area, versus outside.

MR. NEEDHAM: Maybe the set-up was due to the inability of securing easements and rights-of-ways. Also this set-up gives the carrier more control.

MR. YAWAKIE: These networks have been designed and around for a number of years.

MR. NEEDHAM: Another consideration that was already discussed is that you will have to open up Mother Earth. You're disturbing an ecosystem and will take a while for that to come back. You will need to deal with gas, electricity, lines and the cost to cut asphalt, cut concrete or just plowing across a field. Regarding residential and business zoning, on Red Lake, we have a bunch of little housing clusters all scattered all over the place. On other reservations, you have central areas where service can be easily identified. In both cases, you need to find some way to tie them together, so you can communicate across your reservation, without incurring any long distance charges.

And like Gary was saying, when we design going across an area, we don't think about what's in between. We think about the end product. With fiber, you can go about a mile before you have to splice. There is a new fiber called optijet with a pressure differential. You put some air on it, shoot it down the interduct, and you pick it up on the other side, splice it together. You can place a lot of fiber this way.

Let me step back here. In the opening, Madonna talked about all the acronyms and all the -- this is like the military. You can buy The Telecom Dictionary at the bookstore.

MR. BEAVER: Earlier Pat talked about old dilapidated copper, which was not designed for what most of us do. By replacing it with fiber, you can get better advantages. The phone company I work with, we're going from the copper to the fiber. It just gives you more flexibility, gives you more bandwidth, gives you more growth for the future.

In many cases, you are going to go from the central office fiber up to a remote terminal (RT) and from there, it will be copper. You won't really have fiber all the way to the home. Some companies are place fiber all the way, but for this particular group here, you probably want to go with fiber out until a certain point in a remote area and, serve those customers with the existing copper technology. You might be able to reuse some of that copper. It's not going to all be trashed and thrown out. We will use some of it again. However, if you keep in the old copper in remote areas, you need to remember it is your weakest link.

MR. NEEDHAM: There are many factors involved in older facilities. For major areas, you don't want to be called out in the middle of the night. An aerial plant is also subject to wear because of the wind blowing over time.

MR. YAWAKIE: I think all these factors have to be considered when you're looking at copper. There's gauge changes, load coils, multiple bridge tasks. In most cases, I would probably consider replacing those older facilities, but a feasibility study will determine that.

I just want to point out that though you have fiber going across your reservations. You needed to be part of the planning process in to order to know exactly where you can splice. So if your approached by a carrier saying they're going to lay fiber, you have to be part of that planning process to indicate the locations where you will need access. If you don't know the access points, the chances are minimal that you will benefit. There was some talk about right-of-ways, putting price tags on right-of-ways. That's very difficult to put a price tag on fiber, especially the way technology is changing and the capacity of fiber for data and voice. Wave Division Multiplexing, increases that capacity even further.

UNIDENTIFIED ATTENDEE: So, if you come into the planning process and you are not quite sure where you need access, can you plan an "approximate splice".

MR. NEEDHAM: I think to guarantee that, you need to work with the interconnecting company. So let's say you want a big manhole where you could someday run fibers. If you run into another CO, another central office somewhere, you need to have the electronics at that end.

UNIDENTIFIED ATTENDEE: So you're saying don't let them just give you a fat conduit pipe where you can stick your hand in, but have something that you can go into?

MR. BEAVER: Right.

MR. NEEDHAM: You need to be able to use it and access it at some point. The best way to do it is an agreement with the company laying the fiber, so you will have a connection.

MR. BEAVER: That's where the size of the cable comes into mind. You size a 12-fiber cable, a 24-fiber cable, and maybe you're only going to use two or four of the fibers to get to the other end, but you will want the extra capacity for other fibers. Say you have– a home scattered out between point A and point B. Placing a 12-fiber cable, you might only be using the four fibers to get across the reservation. You could use the other fibers to spread-out throughout those areas. That's what we look at in sizing cable based on need.

UNIDENTIFIED ATTENDEE: What size of cable does a typical phone or cable company use?

MR. BEAVER: A big company uses a 72-144 fiber cable in a metropolitan area like Albuquerque. Some routes, you're going to have 144 fibers coming out of the CO. You might have 72 dedicated for the north direction, 72 dedicated to the east direction. So in some cases you'll have two 144-fiber cables coming out. But I haven't seen cases where they're going to utilize all 144 fibers. That's put in for future growth, because of the amount of traffic.

MR. NEEDHAM: You have six fibers in a tube, so you really can't split your tubes up other than multiples of six. Another thing, a lot of you are going to be approached by wireless companies. You can also use microwave, and a certain bandwidth. You need to go through the FCC. We deploy microwave in mountainous areas.

You can get 1344 voice channels over a certain bandwidth on a microwave. For wireless, you still need wireline connections to the CO, trunking the T1s from your antenna to the CO, so you can do the switching, so it's not truly wireless. You also need power at all locations.

MR. YAWAKIE: We have been talking about access to the public switch. There has been tremendous growth in the area of private networks, which I have illustrated here. Private networks tend to be exit as packet switch rather then circuit switched. I'll just say that there are other technologies out there, like Frame Relay and ATM which can give you T1, T3 bandwidths, or higher. Those types of services are generally priced much less than the types that are available in Indian Country. Therefore, in short, there are better priced opportunities out there for Tribes.

Those types of technologies give you high-speed access, giving integrated voice, video, and data services. You can have PBXs to build-out your own voice network and still be part of the public switch network.

Companies are bypassing public switch networks and avoiding having to pay for long distance voice calls by placing voice across their existing frame relay networks. You can save money by building a private network. Therefore, that is an option.

There are some questions about E911. What I'm showing here up above is an intelligent network. That's a requirement for E911.

MR. NEEDHAM: Basically, it uses your caller ID. When you place an E911 call, it will go over an SS7 network. It tells them who is calling, so they can trace that number.

MR. YAWAKIE: Yes, it's a messaging network, which taps into a database. Having access to a database, you have the ability for enhanced services. That is a requirement of an E911.

MR. BEAVER: In metropolitan areas they are being swamped Internet service providers that are trying to use voice grade lines to transmit data. That's a cheap way, because data lines are more expensive. By going through a voice grade line, you tie up the switch and network for a long time. The SS7 and AIN network that Melvin is showing detects some of that data, and reroutes the traffic over a data network, so you don't tie up voice grade lines. That may be an issue for you down the road. Right now, your concerns maybe just to get the basic service out to the people.

MR. NEEDHAM: Usually a switch has an 8 to 1 concentration. Therefore, if you have an 8 to 1 concentration, with all of these people tying up the connections you will get many busy signals.

MR. BEAVER: Yes. With 8 to 1 banking, you're not going to have everybody pick up the telephone at the same time to make a telephone call. The average telephone call is five to seven minutes, that is the way the concentration ratio is determined. I think in Indian Country you're not going to really see a lot of tying up until the network is built-out.

But those are considerations you probably need to be looking at down the road to provide services on and off the reservation.

MS. YAWAKIE: As the presenters are talking, think about the higher-end services throughout Indian Country. What we are trying to improve in Indian Country is quality of life. What the Federal government calls lifeline services.

So when you're talking about E 911, enhanced 911, most Tribes don't even have basic 911 services. In most communities, they won't tolerate that because people need access to emergency care.

MR. GARCIA: Is 911 service mandated?

MS. YAWAKIE: I am not sure. I have seen state 911 plans.

MR. GARCIA: Well, the reason I asked is because up north, where we're serviced by GTE, and 911 is not available. If it's Federal requirement for phone companies to have 911 -- we are being charged for it. Not just the Pueblo, but all of the surrounding area, I think it's $3 and some cents a month

And my question is, in terms of the technical part of it, what are the requirements that would suspend GTE, or hold back GTE of providing that service? Is it an expensive service, or is it technology-driven, or what is the problem?

MS. YAWAKIE: We never touched upon it, because we didn't want to make this session to be pick your carrier session, pick your service provider. Basically, in Indian Country, the service providers are US West, GTE is a big one, GTE doing business as ConTel, PTI, and Century Telephone.

And what you find is that a company operates much the same across Indian Country. If you have service from GTE, and if there's other people in here, that has service from GTE, you should talk to each other because GTE doesn't invest much in Indian Country or even in rural America. US West has is focusing on urban areas international markets, just like GTE.

So, you know, if you have GTE as a service provider, the chances of having E911, even though you're paying for it -- go visit them and ask them when they plan on providing that service to you.

MR. GARCIA: Well, I'm not so much worried about GTE. I'm asking from the technical side

MR. YAWAKIE: The switch needs having that capability.

MR. GARCIA: What is required in order to implement 911, so that we can have basis for argument on why 911 should be implemented, versus, you know, going over to fight GTE. I think the point of it is that 911 is an important service, and that if it's not being provided because it's technically not possible, then I can understand that, but if the technology is there and the service should be provided, then it's a different argument. But you know, I'd like to understand what is required to have 911 service, basic.

MR. YAWAKIE: Well, if you're paying for the 911, you have a good argument and it is a problem of a switch function capability. However, if you're looking at enhanced 911, you definitely need the intelligent network to provide that service.

MS. YAWAKIE: And in order to get that service, it means investment by those companies.

MR. NEEDHAM: Yes. They need to upgrade their switches or purchase another switch. It's possible that they're running an analog switch and they need to get a digital.

UNIDENTIFIED ATTENDEE: I think 911 has another end of it, as well, besides the phone company. You have to have a police department that's going to accept the 911 and route the emergency call.

MS. YAWAKIE: It's about a communications system, right. And so, what we know is that most Tribes don't have a communication system.

MR. MIKE: Francis Mike from Navajo Communications Company. Telephone companies are mandated to collect those monies and pool them. It's the responsibility of the governments to form those committees to access those dollars to implement 911. Those dollars are set aside for equipment and toll services, so that you can have 911. E 911 really requires an effective address system. That's difficult on most Indian because you lack addresses. But those things can be accomplished. That has been done on the New Mexico side of the Navajo Nation because the counties took it upon themselves to serve that area. It's up to Tribes

themselves to implement those plans, go to the States, and get the dollars that they're paying for, so that those things can happen. It can meet with the phone company, but it needs to be moved as tribal entities.

MR. GARCIA: That's why it's good to understand the technical reason why it's feasible or not feasible.

MS. YAWAKIE: Yes. And I'm glad Mr. Mike made that comment, because that is the solution. We hope that we have a resounding message throughout this workshop, is Tribes need to take ownership of this issue, and of improving telecommunication services. Because if we leave it up to the phone companies providing service to our communities, or state governments, they don't see a lot of Indians going in and talking about improving communication services.

One other thing that I wanted to point out is that some Indian communities pay long distance charges over a shorter area than typically for the non-Indian communities. So, the impact of the way these networks are designed has a devastating impact on the local economy. If a Tribe chooses to pursue looking at ways to improve it, you have an option to build that network from inside of your community instead from the outside.

MR. YAWAKIE: Yes. Again in this case, you would work with a service provider, with what is referred to as an extended area service. This requires a community approval to increase your rates, to address an agreement, so that calls will be local.

General Services Administration Panel

This panel presents the General Service Administration's program which qualifies tribes for federal long distance rates and services. GSA is joined by AT&T, an FTS 2000 contractor. GSA and AT&T will discuss the types of products and services they offer to tribes under the GSA contract. The Navajo Area Indian Health Service will share their experiences in working with multiple parties in upgrading their network. The panelists are:

- **Carolyn Thomas,** GSA
- **Sandra Holland**, AT&T
- **Tony Davis**, Navajo Area Office Indian Health Service

Technical Panel Support:
- **Al Woods** and **Ed Smith**, GSA
- **Deborah Eugene,** AT&T

MS. THOMAS: Good morning, everyone. I want to thank you all for the opportunity for having me here to speak, and also, for the opportunity of participating in this workshop here for the last day and a half. I attended most of the sessions yesterday, and I have a greater awareness and appreciation for the issues that concern Tribal Nations with regards to telecommunication services.

I've been asked to come here today to talk to you about FTS2000, and how you might take advantage of the benefits that are offered by our program.

First I'd like to take a few minutes to sort of set the stage, so to speak, and put a little framework around how FTS2000 fits into the family of services and products that are provided by the Federal Technology Service.

The Federal Technology Service has two business lines -- network and information technology services. The objective of both our business lines is to be the provider of choice for all of our customers, and our strategy for reaching that objective is to offer a broad range of cost effective and value-added services that are flexible in meeting our customers' requirements.

For the most part, these products and services are provided through contracts, which have been competitively awarded to ensure that we get the best prices for those products and services.

This slide here lists the types of products and services offered under the two business lines. Under the information technology services, we offer a number of support to our customers in the areas of acquisition management and use of information resources to support customers in realizing their mission.

On the network services side of the house, we offer long distance services, which right now is our FTS2000 program, local services, and a number of other telecommunication support services, some of which I will touch upon later.

Before I go any further, I would like to introduce the other people that I believe that are here from GSA who are in the audience. Madonna already introduced you to Ed Smith and Alvin Woods. Other GSA

staff are Don Barney and Sylvia Hernandez. And we're all here to answer questions that you might have about any of our products and services.

FTS2000 is the government program for long distance telecommunications services. Services are provided by contract, which were awarded ten year contracts to AT&T and Sprint in December of 1988. We estimate that the total savings to the government over the ten-year life of the contract has been about $6 billion, when compared to what services would have cost otherwise.

This multi vendor award has been very beneficial to the government. That award ensures competitive prices at award along with a built-in price, so we are able to provide distance services are lower than what's commercially available. The services provided under the contracts include a broad range of voice, data, and video voices.

This slide shows the savings to the government for switched voice services under FTS2000. Before the award, the government was paying between 25 and 30 cents for a switched voice call. At award, the price of an average switched voice service call was about 20 cents per minute. Today thethe average price for a switched-voice call is between 5 and 6 cents per minute. This points to about an 80 percent price reduction in the cost of a switched-voice call since 1988.

We think there are a number of benefits to be derived from using FTS2000. By aggregating the government's requirements, we have been able to use the government's buying power as leverage to ensure that as a whole, prices for FTS2000 services are lower than best prices for similar services in the commercial marketplace. In addition to good prices, our services under FTS2000 are maintained in current status.

We have introduced a number of service enhancements over years, to ensure that we have added advanced technological solutions that meet our customers' requirements. We have a billing management system that provides a full range of billing advocacy and support to our customers, including dispute resolution, and in-house resolution.

Another advantage, is Information Technology Fund. It's a revolving fund that allows us to pay our contractors for services, and then reimburse the fund from billings to our customers. The fund is also used as a source of revenue to finance innovative initiatives, which we introduced to the contract, which in turn goes on to our customers.

Let's see. How you order FTS2000 services. The process is fairly simple, and we've listed and identified some steps here, that may or may not be in order, that's necessary to use the service.

Right now, we ask Tribal Nations to sign a Memorandum of Agreement, which basically describes the scope of the service offerings, in very, very broad terms, and provides some additional information, such as the billing options and things like that. Signing the MOA does not obligate any customer to use any FTS2000 services.

We ask that the Tribes select a vendor, either AT&T or Sprint, or both, depending on what the requirements are. Representatives from AT&T and Sprint are available to talk to you about the technical offerings under the contracts, and our customer service representatives in central office and in our local service area are also available to talk to you about the capabilities of the contracts, and to help you with any requirement making a decision as to which is the best service to use.

MR. GARCIA: What entities are eligible as customers, and my question was related to Tribally-owned corporations, or other entities, or is it just a Tribal government that qualifies as a customer.

MS. THOMAS: Tribal Nations and organizations. I'm not familiar with the Section 17.

MR. SMITH: The agency is listed as Tribal organizations under the Self-Determination Act can purchase service. So it's any Bureau of Indian Affairs-recognized Tribe or sub-element of that Tribe.

MR. GARCIA: Business?

MR. SMITH: Is profit-making?

MR. GARCIA: Yes.

MR. SMITH: If it is in support of the Tribe itself, but not for resale.

MR. GARCIA: It's questionable?

MR. SMITH: You'd have to take it up to your lawyers to make that decision, as to how you want to use the service.

MS. THOMAS: We do ask the customer to complete a registration package, to us with identifying information, the type of service you want, a billing address, other billing information, and it also identifies the designated agency representative. That's the person that you identify on the contact for ordering the services. Again, completion of the registration package does not obligate you to use any FTS2000 services.

Once we receive a registration package, GSA assigns a customer code, and this customer code is basically an identifying number that you would use in ordering and tracking and for billing purposes.

The customer issues a service order. Again, service orders are accepted only by or from the person or persons that you have designated as your designated agency representative.

There are four payment options available to Tribal Nations: Credit cards, where payments are made after services are received.

Electronic funds transfer. That comes in two flavors, one pre-authorized, and the other initiated debit, after the invoice has been received.

The third is semi-annual payment of funds to the IT Fund. This is based on projected usage, so it's paid in advance, really.

And billing in arrears for actual services, for actual usage.

When you receive your invoice, they will include a separate line item for usage charges, and a line item that represents an 8-percent management fee that is charged by GSA for administering the contract.

As I mentioned earlier, the FTS2000 contracts were ten-year contracts that were awarded in December, 1988, and they are scheduled to expire in December of this year. FTS2001 is the replacement vehicle for FTS2000 contracts which expires by the end of this year.

UNIDENTIFIED ATTENDEE: Yes. Are overlapping service assured, or will --

MS. THOMAS: Yes. His question was will overlapping service be assured, and the answer is yes. We anticipate about an 18-month transition period to move from the current FTS2000 contracts to FTS2001, and there will be continuation of services throughout the transition period. Yes?

UNIDENTIFIED ATTENDEE: In my area, I've been told by my Sprint representative that there are some service charges involved with FTS2000. Is that correct?

MS. THOMAS: I'm not sure what he was talking about, when he said service charges.

UNIDENTIFIED ATTENDEE: Like a monthly fee.

MS. THOMAS: You pay for usage.

UNIDENTIFIED ATTENDEE: Other than usage?

MS. THOMAS: It depends upon the service that you're getting.

MS. THOMAS: We expect transition to be a complex process. It will involve not only transitioning or moving current services that are currently on the FTS2000 contract to a new contracting vehicle, but also, adding services that were provided by other service providers, or that were not available in FTS2000.

Our GSA customer service representatives in the central office and locally will be available to help and support all of our customers through the transition process, and that involves supporting them with the tasks that are identified there, developing customer inventories, and identifying types of services required, or the mix of services required under the new contracts, and the end points for those services.

As I mentioned earlier, in addition to FST2000 and local service offerings and a network service business line, we also offer a number of other telecommunication services. Our wireless offering provides

wireless services and equipment for cellular, paging, and air phone services. Under electronic services, our contracts provide value-added electronic commerce, Internet access, and electronic mail access that are competitively priced and that we believe are pretty easy to use. We also provide international service, and under our management and technical support services

In the area of year 2000 support, we support and assist our customers to assess their networks and their systems for year 2000 compliance, and we have a data base of products that are currently compliant with year 2000.

My last slide here goes to key points of contact for information assistance on the FTS2000, and any of our other service offerings from the Federal Technology Service.
I introduced you to Ed Smith. Ed is the coordinator for signing Tribal Nations up to use FTS2000 services. In addition to Ed, we have customer service representatives.

The network B represents the Sprint network. Network A represents the AT&T network. They are available to answer any questions which you might have, on how to use FTS2000 services, what's the best service for you, and anything else that you might have any questions on FTS, Federal Technology Service offerings.

In addition to GSA personnel listed there, there are points of contact for both AT&T and Sprint, and trouble reporting numbers for AT&T and Sprint, should you have problems with any of the services that you ordered.

MR. GARCIA: Just one question. On the rate chart that you have, maintaining lowest long distance rate. This chart is showing that the rates are -- is that a flat rate at five cents, or less than five cents? What is the real number?

MR. SMITH: The rate is government-wide, so that's an average. And it's the average of about five and a half cents per minute, but it varies depending upon where you're calling to and where you're calling from. So the rate is actually based upon the location you call from, plus the location you call to, and plus the transport. There are three components to pricing the call. The total averages five and a half cents, for the nation, but it can go higher or lower.

MR. GARCIA: Is that comparable to other long distance providers, like MCI and others that are out there right now? Because I think many of the Tribes, at least locally, are getting services through other long distance carriers, and if this is a reduced rate, I don't know why they would not be on that system.

MR. SMITH: Well, the Tribes that have talked to me, they are averaging around 18 cents a minute for long distance, some are higher.

MR. GARCIA: So how do we market this? I mean if it's a savings to the Tribes, Tribes really should be more aware that this service is available. I served as Governor last year for my Pueblo, and I'm pretty technically oriented, and we switched over to another carrier. I wasn't aware of FTS still being available.

MR. SMITH: What we do is we mailed out letters to every Tribe within the United States, and then we sent packages, and we've been going to meetings like this and discuss the advantages. I've heard that some Tribes have been slammed - carrier service is switched without authorization -Some thought these mailings were another form of slamming. We've tried to get the word out. So far, we have 25 tribes signed up.

MR. DAVIS: I'd like to comment on the gentleman's question. Good morning, my name is Tony Davis, I'm with the Navajo Area Indian Health Service in Window Rock. At each of the area offices, there is an area telecommunications liaison, and I believe at your respective Pueblos, they might have health facilities.

These liaisons should be able to provide your respective telecommunications people with information that is being presented by GSA or any of the other carriers. You can contact Joe Lucero, Indian Health Service, 5300 Homestead Road. He can probably give you some information on who and where and how much, and how can you get on line with them.

This applies to any Indian Nation throughout Alaska, or even the lower 48, if that there are these IHS coordinators that they can help you. I believe the same thing is true with the Bureau of Indian Affairs. They have telecommunications liaisons that are also available as a resource. Thank you.

MS. THOMAS: I guess if there are no more questions, we'll go on to Sandy.

MS. HOLLAND: Good morning. My name is Sandy Holland. I'm with AT&T Government Markets here from the East Coast. It is a pleasure to be here in Albuquerque today, and I'm really fortunate to have the opportunity to address so many Tribal representatives that have the options they do, as it relates to telecommunications services.

These are services that are available, on FTS2000, as Carolyn mentioned, as well as a number of commercial offerings that AT&T has. So I'll start off by talking a little bit about AT&T FTS2000, and them some of our other options that are available. Back in 1996, I was the market director within AT&T Government Markets, when the Quileute Tribe became the first to sign with GSA.

AT&T network is the largest private network of its kind worldwide offering voice, data, and video solutions, serving more than a million Federal employees within the country.

Some of you here today, I know, are just getting acquainted with FTS2000. I'm sure you have questions, not only about the services that are available, but just how to get started, as well as perhaps your responsibilities as Tribal representatives, in making the decision to take ownership or oversight responsibility for telecommunication services.

So I hope to start out by talking about the services available, and then offering you contact names and numbers, encouraging you to make contact, and a number of ways for us to support you.

Carolyn went through a number of these service offerings on FTS2000, but particularly for those of you that are new to the contract, perhaps the repetition will be helpful.

The FTS2000 voice services cover not only your basic long distance, but a number of voice features, if you will, including pre-paid calling cards, what we refer to as the Federal card, a calling card of sorts, and audio teleconferencing for your communications needs, you know, among diverse locations.

The network supports a myriad of data services, ranging from low-speed dial-up data, switch data, to -- to dedicated point-to-point connectivity, ranging from 9.6, 56, T1, and even T45 solutions.

Packets which service are Xed up to five-based data service, enhanced packet, or otherwise known as frame relay service m a synchronous motor ATM service. We also support switched video connectivity.

AT&T FTS2000 span or reach within the US, spans across the government agencies that I believe you're communicating quite frequently with, including Department of Interior, the Office of Trust Fund Management, all of the Veterans Affairs, Health and Human Services Agencies, Social Security Administration, just to name a few.

As you learn more about the FTS2000 service offers, I hope we, in turn, can learn more about your requirements, and work more fully together in coming up with solutions.

Our exposure thus far, other than the Quileute Tribe agreement, has been with oversight of the Indian Health Service. We've worked really closely with IHS, not only in switched voice services, but in a very expansive frame relay network. That's for patient care support through throughout the Native American community.

The services and capabilities that are available in FTS2000 have evolved much in response to both the growing requirements, as well as the evolving, changing technology advancements.

As you might know, and I think Carolyn mentioned, the FTS2000 is now about ten years old, so as you can imagine, we've changed much in the way that telecommunications are provided, developed, offered, throughout the contract.

Over the past nine years, FTS2000, the momentum has increased because of both changing and more demanding requirements of our users, as well as the rapid advancements in IT. Change has been the one constant within the contract.

As the current FTS2000 program comes to an end, and Carolyn did talk some about the transition to 2001, you may have questions about the continuity, or perhaps even concerns about what the future holds for the many FTS2000 users.

I want to assure you here today that AT&T stands committed for the long run in continuing to provide the service that we have within this marketplace.

Not only to GSA and the agencies, but we also want to encourage the Native American Tribes to challenge us to offer you what we have best.

Our new chairman, you may have heard from Mike Armstrong, comes from a long and successful history within the Federal government. In fact, we've made several significant upgrades to the network in response to customer needs, and even anticipating needs, and here are just a few I'll step through:

This year we'll be spending 8 billion dollars on capital investments. By the end of this year, our AT&T network will be fully year 2000 compliant. Our Internet protocol platform continues to grow, becoming more robust and innovative.

Along this line, we're currently conducting trials of an AT&T world net voice offering, which is an Internet service that's providing state-to-state calling on a voice basis.

We've repeatedly announced that we're completing 52 fiberoptic sonic rings, and by the end of this year, when it's complete, it will provide post to post connectivity, for subsecond restoration capabilities in the wireless arena.

And of course, everybody knows how explosive an opportunity it is for GSA, the agencies, as well as the Tribal communities. We're creating a seamless calling party pays service whereby the customer can leave their own phone on for in-bound calls, without fear of being billed for unwanted and incoming calls.

In short, we're committed to make ours and keep ours a world-class network, in satisfying the needs of every customer here in the US as well as abroad.

With your options with AT&T, as you explore them, realize that, of course, FTS2000 is just one of those options that you have access to. We have a myriad of others that satisfy both large and small occasions.

One example that was mentioned briefly by Carolyn in the international area is GSA's contract, referred to as ID3, or international direct assistance calling, that offerings international calling at cost-effective prices.

The Tribes, of course, also have access to a myriad of commercial offerings, and the best bet there, rather than go through all of them, is to, again, encourage you to contact us, so that we can roll those out to best suit your individual needs.

In short, we're dedicated to working with the Native American community, and we're ready to support your responsibility for Tribal communications, in analyzing your needs, and then developing solutions to fit them.

There are a number of ways I want to encourage you to get in touch with us. First of all, if you're planning on attending the Indian Health Service conference, I urge you to go to the convention center for the conference. We have an exhibit area there. We have AT&T Government Markets staff members

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ready with our pricing tool, as well as a number of other brochures and handouts with much specific detail, and consultation services, if you will. We're anxious to hear more about your requirements there.

Another offer I'll make is that if you're looking for a way to get up the learning curve on AT&T and FTS2000, we have an FTS2000 training course. And unfortunately, I didn't think to put the 800 number up for the training course or for the training 800 number. It's 1-800-343-9438. And by calling that number, you can get a complete listing of the courses available, as well as the existing schedule of the courses.

Finally, I know this is risky whenever you throw your number up there, but I want to urge you to contact one of the names, including my own, up here with any questions that you might have here at the conference, or much further down the road.

We also submitted a more comprehensive contact list that I think might appear later in the program. I should have started out by introducing Debra Eugene here, who represents AT&T Government Markets for the reference region.

MS. EUGENE: Hi. I just wanted to say, some of your faces look familiar to me, and I'm sure I've talked to many of you over the phone over the past year or so. Bonnie Gonzales and I are peers, and there are a number of us throughout the country that will be supporting the AT&T Government Markets Federal government customer.

Bonnie is responsible for this particular geographic area at this time, but if you're really outside of the New Mexico, Arizona, Colorado area, probably John Elmore would be the best contact. He will give you the appropriate name and telephone number of your assigned representative.

MS. HOLLAND: Any of these numbers will work. We'll redirect you if need be.

UNIDENTIFIED ATTENDEE: We're currently getting frame relay service from US West. How would that work in a transition, if you were going to provide that service?

MS. HOLLAND: The question had to do with existing frame relay service with US West and what would need to be concerned in transition to AT&T FTS2000, if I've captured the question.

With any transition, it's critical that the receiving party and the sending party work hand in hand from day one, along with any other hardware providers that are involved, and "a local government contact" -- who is there on the site, through a comprehensive project planning effort, particularly as it relates to the likes of frame relay services. And the criticalities have increased there. Does that answer your question?

UNIDENTIFIED ATTENDEE: I don't understand how you would network that. Do you actually use their lines?

MS. EUGENE: I think I can respond. AT&T FTS2000 does have to work with the local access provider, whoever it is, to get that last mile taken care of. So, we coordinate that directly with usually a

separate organization within the LEC, be it US West, Pac Bell, Bell Atlantic, that's dedicated to supporting FTS2000 network - a frame relay support.

So, if you have US West today as your frame relay provider, we would look at what your current network looks like, and then we would try to mirror that within FTS2000, provide you pricing, so that no matter what your network looks like today and how you're paying for it, directed to US West, we will take those same end points and configure that within the FTS2000 world.

But we still would need to coordinate with the separate group within US West to get that last mile, if you will, local access.

But we work out the billing between US West and AT&T. You're out of that. There's only one bill to you, which would be to FTS2000. Does that help?

UNIDENTIFIED ATTENDEE: Yes. But the last mile is 90 miles long.

MS. EUGENE: That becomes our issue with US West.

MS. HOLLAND: I think an important point is that through FTS2000, there are subcontracts that AT&T is responsible for with all the local providers. Yes?

UNIDENTIFIED ATTENDEE: You had mentioned previously that you serviced Tribal governments in the lower 48 as well as in Alaska. In Alaska, do you service Tribal governments, and the Alaskan native villages through the Tribal councils?

MS. EUGENE: Where we have been supporting the Tribes so far, that I'm aware of, since Alaska is my territory, has been through Indian Health Service and BIA. But as you're expanding, and I think that's one of the reasons for this particular workshop,

UNIDENTIFIED ATTENDEE: So you'll explore providing service to the Native villages through Tribal councils?

MR. SMITH: FTS2000 does provide services to the native villages of Alaska.

UNIDENTIFIED ATTENDEE: How does that service spell out with the satellite links, when there's no land lines?

MR. SMITH: Your local carrier in Alaska would be responsible for the local portion of it, you would then dial in, depending upon whether you're Sprint or AT&T, probably an 800 number that would get you access to the -- to either Sprint or AT&T's network for FTS2000. Then you would be billed by FTS2000 for the long distance part of the service.

UNIDENTIFIED ATTENDEE: In Alaska, the customers there want a frame relay, but there's no frame relay offering through AT&T. Did they write that into the 2001 contract?

MS. THOMAS: I'm sorry. I don't have an answer for that, but I will get your name and phone number, and I will find out and give you a call.

MR. POITRA: As far as the FTS2000, if it's available to Tribes, what's the limit of phone lines? Does it apply to any entity they own?

MR. POITRA: When you say it's available to Tribes, in what capacity?

MR. SMITH: The Tribal governments themselves, the schools, your health units that are operated by the Tribal governments. It's not meant for -- I should have said before, residential service.

MR. POITRA: Well, what about an entity, a casino?

MR. SMITH: What is the casino? Some casinos are operated as commercial entities.

MR. POITRA: Well, they under a Tribal entity.

MR. DAVIS: Tribally-owned.

MR. SMITH: If it's a single Tribal entity, then what you need to do, and this is our guide, is you have your legal people take a look at what your laws are, and if that's a legitimate part of the Tribal government, and then, if it's a legitimate part of the Tribal government, then you internally have to make that decision whether you want to sell that service.

MR. GARCIA: Isn't it a Tribally-owned entity, because Indian gaming requires that compacts be in order, and compacts are between the Indian Nation and the State. So, therefore, that falls under it, and I think that no matter what, it's making money. Yes, it's profitable, but if it's owned by the Tribe, then the Tribe owns the dollars, the revenues for running its project. And in fact, that's the basis upon which gaming is established in the country.

MR. SMITH: Well, some of the casinos have been set up as commercial entities for tax purposes. In some -- there are a couple of casinos around that are not owned by a single Tribe, but owned by multiple Tribes. And in that case, they're not subordinate -- they're not essentially under an individual Tribe.

MR. POITRA: If the Tribe owns a grocery store, does that entity fall into that?

MR. SMITH: Well, if that grocery store is run in furtherance of the goals of the Indian Self-Determination Act, then the answer would be yes. If that grocery store were designed to make a profit, to return money to the Tribe to operate the schools and other facilities, then the answer would probably be yes.

MR. POITRA: My name is Ray Poitra, and I'm the CEO of Uniband, which is an organization run by the Turtle Mountain Tribe. We've got 1000 people employed. There's about 400 on the reservation, and

it's a data entity, and I'm trying to find out if that entity would be eligible for the FTS. It's a Tribally-owned, wholly-owned organization, by the Turtle Mountain Tribe.

MR. SMITH: And they turn a profit and return the money to the Tribe?

MR. POITRA: The profit goes to the Tribe.

MR. SMITH: I would then go to the Tribe and have them determine whether you are part of the Tribe, and as such, a Tribal organization under the Self-Determination Act. And in that case, it would be up to them to decide whether to provide the service under FTS2000.

MR. DAVIS: The other point of contact would be Mr. Tom Fisher, Albuquerque Central Office Indian Health Service. We have a number of your Uniband folks working with us doing programming support, so you can probably get a hold of Mr. Fisher at 505-248-1419.

MR. POITRA: When they call the office, they're utilizing FTS. When we call, then we're using a commercial AT&T, I guess, long distance carrier. But they can call us for five cents a minute, but when we call them, we're paying whatever the going rate is.

MR. DAVIS: I'll proceed with my little presentation with regards to what we've been doing out on Navajo. Again, my name is Tony Davis. I am the MIS director for the Navajo Area Indian Health Service. We are still a direct government agency right now, but the Navajo Nation is currently putting forth plans to, through Public Law 93-638, to contract a lot of the Indian health programs for Navajo.

I'm sure there are folks in the audience where your own respective Tribes has contracted Indian Health Service facilities, or even Bureau programs, so there needs to be a coordinated effort that does need to take place between the Tribal groups and the BIA and/or the Indian Health Service.

We're trying to do are a number of things, and involve the Navajo Nation in a number of our activities that we're doing on the Indian Health side.
One thing is the need for data transmissions between our health facilities to our corporate people here in Albuquerque. The information is presented to Dr. Michael Trujillo, who in turn goes forth to Congress and uses that information to get budget information from appropriation committees. So, the data that we do collect, not only on Navajo, but at any other health facilities, is very important key to Congressional funding..

The other important thing is these dollars are getting smaller and smaller, so it's somewhat important for all of us. We have Tribes that are somewhat reluctant to provide that information through this protocol to get work load data.

The Internet is also becoming very important for accessing E-mail, and provide information to our clinicians, as well as our administrative folks.

Another activity is telemedicine and teleradiology activities. We're working with the Scottsdale area -- plans are in place with the Mayo Clinic, the University of Arizona, and also, the University of New Mexico here in Albuquerque.

We're also relying on other clinicians with other functions, as well, to provide us the expertise, if we do have a patient that needs some sort of clinical support out in, let's say, Tuba City, Arizona. Another access requirement we've been providing for our clinicians is sharing information with multiple sites. We've found on Navajo that a lot of our patients do have patient information at a number of health facilities. Using myself as an example, I have health information at the Gallup Indian Medical Center, the Tuba City Indian Medical Center, and the one near Fort Defiance.

We also looking at private contract with Private Networks. In association with the Arizona Hospital Healthcare Association, we will be providing our clinicians with satellite communications here in the next month or two to actually use satellite capability to our remote locations. Not only in the remote areas, but also this sites like Shiprock, Gallup, Crown Point, Tuba City, Winslow, and Fort Defiance, and even the area office in Window Rock. So that's going to also be a resource for our people.

What I'm leading to is, I think all of us need to look at other resources that are available to us. We've had to expand and consult with other people, not only on satellite, microwave, wireless, FTS2000, and our local carrier, which is the Navajo Communications. We are trying to meet budget requirements, and use data circuits to also support voice over data.

Mr. Tom Fisher's office is currently working with the Aberdeen Area to evaluate that concept of actually sending and utilizing voice over our current wide-area network that we put into place with the Indian Health Service. So if that is a feasible alternative for the rest of Indian Health Service, we are also going to try to do that, implement that IHS-wide.

Within Indian Health Service, as projects come about, not only in the telecommunications area, but also in the information systems, we would like to work with sites, whether it be in Keams Canyon or up in Schurtz, Nevada. Wherever we have the facility that wants to take initiative in testing an application, we'll work with those sites to let them test it for us. If works, then we'll go out and expand the implementation wider, and also look at budget figures that are involved in implementing such a project.

Carolyn mentioned earlier, another major initiative is Y2K compliance for all of Indian Health Service. We are working with the Navajo Nation. In Indian Health Service were are checking the computers, Resource and Patient Management System, the phone and facsimile systems, postal systems, and anything that might have a data field. The Department of Health and Human Services has identified a target date of December, '98, for us to bring all these into compliance. Right now, Indian Health Services is not doing too good. Each of the Indian Health Services Area Offices has an individual who is titled an ATLP, all that stands for and area telecommunications liaison person.

So if you are a Tribal entity, you can utilize this individual as a resource to contact and talk about FTS2000, voice over data. You may be able to share, utilize, or take advantage of what we are doing in Aberdeen or Billings or Nashville or Alaska.

We are trying to put in place a memorandum of agreement between the BIA, IHS, and the Navajo Nation. In addition, we will share our information related our medical and administrative applications, equipment inventory, and hardware applications.

So if the Navajo Nation does decide to finally take the initiative to contracting, through Public Law 93-678, they will know what that have in place, and hopefully not trying to duplicate some of those resources, and expenditures that we've already put into meeting our requirements.

You can also contact the Rural Healthcare Corporation for the federal telecommunications discount program for rural providers.

In closing, when you are looking at the implementing applications or a new technology, it's very important you look at a training and maintenance service arrangements Also you should look at all alternatives. Don't just look at local phone companies, or talk to satellite people. Microwave is still a feasible product that could potentially be used to meet some of your requirements.

UNIDENTIFIED ATTENDEE: You mentioned you're putting voice over your a frame relay network?

MR. DAVIS: Yes. Voice over data.

UNIDENTIFIED ATTENDEE: Are you using an ACT box or Cisco?

MR. DAVIS: It's a Cisco. The Indian Health Service has pretty much standardized on the Cisco routers, whether it be the 1600 series, on the small size, or 2500s, or even at the area office, our medical centers, they could be 4000 or 5000 level.

And we've tailored those mostly to the work load requirement. We've bench marked out for all of our sites throughout IHS.

UNIDENTIFIED ATTENDEE: So you have a working model in existence today?

MR. DAVIS: The test is being done through Tom Fisher's office is in coordination with the Aberdeen area office, and they're going to probably be presenting some of that at the IHS IT conference down at the Albuquerque Convention Center.

L. Marie Guillory, Vice-President, Legal and Industry of the National Telephone Cooperative Association (NTCA), Washington, DC. NTCA represents nearly 500 small and rural telephone companies. So for some of the Tribes in this room, NTCA plays a role in the lobbying that takes place in Washington, DC, helping those Tribes and those telephone companies that serve rural America to obtain their objectives in providing quality service to those areas that they serve.

MS. GUILLORY: Let me tell you a little bit about who I am and what I do. You might wonder, you know, why is this woman working with independent telephone companies that serve rural areas. Well, I grew up on a family-owned farm in a place called Fequitayeque, Louisiana, and I know none of you know where that is, because -- it sounds Indian, doesn't it? It's actually French

MR. GARCIA: Cajun.

MS. GUILLORY: It's Cajun country. People they think I'm a Cajun, but I'm not a Cajun. You have to understand, the Cajuns are the ones who came down from Canada, and some of us got labeled that way because we live in the same area we do. I speak French Creole just like the Cajuns do, because that was my mother and father's first language. They courted in French, got married in English. And they taught us how to speak French, because we needed to communicate with the elders, and if we couldn't speak French, it was disrespectful, so we had to learn French to speak with them.

But I think why I feel at home with the companies that I work for, because I remember the day the lights were turned on. By the way, that was made possible by REA loans. All of a sudden ,you could see when your neighbors went to bed at night, and that was really interesting. Because before that, you always wondered what they were doing, you know. You saw this little flicker there. But then, when those bright electric lights came on, you knew when they went to bed.

So that's a little bit who I am. I'm a lawyer, by profession, and I still pretend to practice law. I represent these companies principally before the Federal Communications Commission, other Federal agencies. I'm sure everybody in this room is very aware of, that affect the lives of the small telephone companies, like the IRS, the Federal Trade Commission, the Department of Justice.

And so, when those companies have to relate, or have questions, or have issues before those agencies, they often come to us, either on an individual basis, or we, understanding that everybody has the same need, will represent those companies before those agencies.

That's my job. I have a staff that works with me. I have another lawyer, a couple of law clerks, an engineer, a cost accountant, and an economist. And all of us together try to make soup out of all of the issues, and do what we can to represent the companies.

Who is NTCA? NTCA is located in Washington, DC. We have 65 people on our staff in Washington, and their principal role is advocacy.

I'll tell you a little bit more about that. We also have 70 people in Ashville, North Carolina. Those people principally work for the Services Management Corporation, which is a subsidiary of NTCA. That subsidiary manages group health insurance, retirement programs, retirement and savings programs, and other insurance programs for the members.

These 500 companies have access to a group health, group retirement programs, group insurance programs, as a result of being NTCA.

What's the history of NTCA -- National Telephone Cooperative Association?

The organization was incorporated in 1954, but it actually got started before then. It got started in 1949, so we're going to have a 50-year anniversary next year.

It got started as a committee of the NRECA, which is the National Rural Electric Cooperative Association. Before they started making low-interest loans to telephone companies, the government was making low-interest loans to electric companies, so that's why, you know, the lights went on at our house, way back when, and I remember.

And why 1949? Why not 1954? Well, just after the Second World War, you remember, and there was a great push to bring electricity to rural America, and also to bring telephones, because the state of the art of telephones was pretty bad back then.

So, what's the benefit? You asked me to come here, Madonna, to tell this workshop what the benefits of this organization are, and I hope I can do that.

And by the way, I really like questions. So, any time you have a question, stand up and shout, or raise your hand, or don't feel that it's impolite, because I always feel that if you ask questions, then you're listening to me.

What are we? What's the benefit? You know, why am I here?

We're a network of companies. It's a network of companies helping themselves. This committee that I told you about, it started back in 1949. They were telephone companies, about 16 or 17 of them. There weren't staff, like me, back in Washington. The organization had one staffer, until about 1956, they hired their first full-time person.

So, they went on for seven years without an employee. They were companies getting together to help themselves.

And today, that's still is a big benefit of the organization, is the networking that goes on among the companies.

JD Williams is in the back. You all know JD, he spoke yesterday. JD is the manager of CRST Telecommunications Authority. And I think JD would agree with me that one of the benefits of an organization like NTCA is that you get to interact with other managers like yourself, and that Ivan, who is on his board, would say that he gets to meet people who are on the board of directors of the co-ops, or of investor-owned companies, and you get to talk about common problems.

Now, when do you have that opportunity? Well, you have that opportunity because we sponsor a series of meetings, an annual meeting in February, a fall conference in September, that this year is starts on the 20th, and is in Charlotte, North Carolina. Also we do regional meetings. We have ten different regions, and the regions get together and meet. All of those are opportunities to network.

But we operate through committees to do other things. Part of our job, besides the FCC, is also to go to Congress when we need to, and of just stand on the Capitol steps. You know, sometimes you just never leave. You just stand on the Capitol steps until you get what you want.

We do education. We have seminars for directors, managers, office staff, financing and accounting. We also have a seminar for public relations officers in the companies. We have a legal seminar for the lawyers who represent the telephone companies on a local basis, the ones who do the day-to-day work for the companies, like collections, when people don't pay their bills, like advising the board of directors about, you know, conflicts of interest, all those -- a multiplicity of issues.

Who are these 500 companies? What do they look like? Well, five of them are Tribally-owned companies.—Cheyenne River Sioux Tribe, Fort Mojave, Gila River, San Carlos, and Tohono O'Odham are all members of NTCA. About 250 of them are cooperatives. The rest of them are investor-owned in some manner.

What's the difference, and how do you qualify to belong? Well, you qualify if you're a small rural telephone company with less than 50,000 access lines. These are the companies, as you know, who serve the areas that the large companies are not interested in, because it costs too much to serve.

And how about GTE and Bell Atlantic coming together? Isn't that amazing? 62 million subscribers, 62 million lines, more than one-third of the lines in the United States, would be served by GTE and Bell Atlantic together, if that merger goes through.

I'm one of those customers. I get to see whether my rates go down in Washington, DC.

But you see, the big difference between an NTCA member and the rest of the world, when you look at what's happening in the industry, GTE and Bell Atlantic, Southwestern Bell, Pac Bell, and Ameritech, they've got 40 million lines together. This morning's paper is talking about well, who is left for Bell South? Well, Bell South and Sprint will maybe get together. And nobody wants US West, right? Why?

There's some people in here who work for US West, right Patrick? Well, because their costs are like our costs. They serve the mountainous states. They serve the wide open plains, where it costs them an awful lot of money to put in infrastructure.

So, you know, the REA is really the key to why the companies exist. It really is the key. Afterall, when rural America didn't have telephones, and the government started the low interest loans program. Yesterday, you heard from somebody at REA yesterday, so I won't repeat what they said. Part of the success of these companies, besides REA just lending them money at low rates and for long periods of time, they also had a standards division that dictated standards, uniform standards. Patrick and Melvin will tell you how important it is to have uniform standards in infrastructure.

If everybody had had different standards along the line, we would have a system where the networks couldn't communicate with each other. We couldn't talk to each other. But we can talk to each other, and the companies that operate in rural America have a seamless part of the network because REA had standards.

I'm digressing a little bit, but getting back to the just sort of telling you why the companies succeeded. Co-ops, 250 co-ops, the rest are investor-owned.

I was asked to explain the difference between the co-op and an investor-owned company. I'm not sure how much detail I have to go into, but basically, you know, the first co-op in the United States was a Ben Franklin co-op. You've got one of the handouts is an NTCA brochure on co-ops. And it explains what a co-op is, what the principles of a co-op are. So if you want to know more, you can read that in more detail.

But Ben Franklin, in 1752, started a co-op for fire insurance, and the basic principles of co-ops were later established in England, called the Rochdale principles, and they are one man, one vote. They're based on service, not profit, and the excess margins are returned to the members. So, how does that differ from a regular corporation? Well, we know in a regular corporation, your vote is not based on your membership, right? It's based on the number of shares that you've got.

So if Patrick and Melvin and I form a corporation, we're the three owners, and you know, Patrick has a 10 percent ownership and Melvin has a 50 percent ownership and I have 40, Melvin is going to win every time, because he's got 50 percent; if it comes down to a vote. He probably should have 51 to win. Then he really beats Patrick and me.

But if the three of us were in a co-op and it came to a vote, Patrick and I could beat out Melvin, because we'd be the majority. One man, one vote. If we decided to elect a board of directors and we didn't want Melvin, we want Patrick, Patrick and I go into cahoots and we say. All right, Patrick. You're the president. Melvin is out, regardless of how much -- now what does he get out of it, though? Why would Melvin want to belong to an organization like that?

Well, he believes in democracy. He believes in one man, one vote. He believes in service, a service-oriented corporation, as opposed to a profit-oriented corporation. But does he get anything? Does he get any profits? Well, he doesn't get profits, but he gets margins. He does get margins. The service is supposed to be service at cost. If Melvin does more business with the co-op than Patrick and I. So, what does he get? Well, to the extent that there are margins, that the rates that we collect from Melvin, Patrick, and myself, are greater than the cost of operating the business, then Melvin gets the excess margins.

And ordinarily, in the bylaws of the co-op, we would set it up so that your margins would be proportionate to your patronage. It's called patronage. In other words, to how much business you do with the organization. So,. that's the difference. Any questions on that?

Why do they do it that way? You know, the REA actually went around and encouraged farmers to form co-ops. Why didn't they just say go as an investor-owned company. Well, part of it was that initially, they actually contributed equity to the formation of the business, so they put in seed money. Members put in seed money, and the government did the low-interest loans.

But think of it, though. It was also a way to get the community involved in the idea, because ownership, ownership meant pride. Ownership meant that you would -- you know, you had something invested in this cooperative. You wanted it to last. You wanted it to stay.

You took service. So in exchange, also, for being a member of the co-op, people gave, for example, right-of-way. So it wasn't like some outside investor coming in and buying right-of-way from the farmer. The farmer said, yes, I'm a member of the co-op. You have the right to lay line on my property. They gave up the right-of-way. They didn't get any money for it. There are some old records of co-ops, one in Kansas, where part of what they gave as the equity fee was you had to supply so many telephone poles. You know, the actual physical poles were the contribution of equity that the initial owners of the co-op made to get the operation started.

So that's co-ops. You know, a lot of the small companies are also investor-owned. Some of them are sole proprietorships, owned by one person. Others are like owned by families, or owned by stock - in Iowa, there are stock companies that look like co-ops, because there are so many stockholders, and -- that they almost look like cooperatives. You know, just widely diverse stock ownership.

I was talking to JD Williams about whether do co-ops make sense in Indian territory? Do they make sense as a corporate structure for you, if you're thinking about starting a telephone company? That's something you have to answer. And what I heard from JD and Ivan was that, you know, part of the way that the Tribe is looked at is that, you know, it has that benevolent organization, am I right, that is in the business already of providing basic services, like telephone service, which is an utility, and perhaps water service, perhaps electricity, in some instances.

It already has that. So if you translate what would be the benefit of a co-op, if you already have an organizational structure that has the same kind of mindset as a co-op?

The other thing about a co-op is open membership. One man, one vote. Maybe you decided you don't want to have a democracy, you want to have an authoritarian kind of structure.

But with a co-op, it has to be a democratic structure. It also has to be open membership, if you're going to provide the phone service, and a non-Indian moves onto the reservation, you can't deny service or membership based on the fact that the person is a non-Indian.

You might be able to deny service on some other basis. I mean everybody taking service from a co-op doesn't have to be a member.

You can set the guidelines of membership, but you probably can't say membership is based solely on some racial characteristic, such as belonging to a Tribe. So, that might create a problem. But we were also talking about the fact maybe it's something that would work, though. Maybe a resale kind of arrangement might be the thing that would work.

Say that you have an apartment somewhere that is in US West or GTE/Bell Atlantic territory, and you decide that you could really get better service in there if you ran it yourself. If you bought service from them on a wholesale basis and did a resale, you might get better services.

It's something to think about, the cooperative structure. If you're an enterprising person sitting in this room, and thinking - I'd like to run a telephone company. I'd like to start one, but I need some other people to get involved, but do not want to go through the Tribal structure. I want to go through another structure.

Who knows? The co-op idea may work. You can get other people to contribute to the enterprise, other people to get involved in the enterprise, other people to be on your management team, your board of directors, to provide expertise, because part of what can be the membership fee can also be in-kind services.

Okay. So, I think that's enough. I wanted to explain the difference between, you know, cooperatives and other organizational structures. Of course, you need laws to enable co-ops. The appropriate government state or tribal must permit it.

Ordinarily, you get a charter, and after your charter, you elect a board of directors, set up governing bylaws which have the basic structure. The elected board of directors sets policy, and hires a manager for a day-to-day operations, and then the manager then is in charge of the business and hires whatever staff is necessary to run the operation.

We already went through the financial structure. Margins can be used. One of the beautiful part about cooperatives is, remember that excess margin that Melvin had? Well, you don't have to pay it back to him on a year-to-year basis, do you? You can decide, as the board of directors, when to pay him his margins.

Now, what do you do with that money, that marginal, that excess? Well, you keep it, right? You keep it in the business, to improve the business, to go into new investments, et cetera.

I belong to REI, Recreational Equipment, Inc., I think is what it stands for. Do you know REI? They sell sports and hiking goods, et cetera. There's a store in Washington, DC. I'm a member only because I buy from them. At the end of the year, based on what I buy, I get back this dividend check. They pay their dividends on a yearly basis, so they don't keep my money to do other business. They don't have to, they probably do such great volumes.

But they wouldn't have to do that. Their bylaws could provide that they keep those excess margins to finance further operations. They're not obliged, unless their bylaws state it to return those profits right away. So ordinarily what co-ops have is like a 10-year or 20-year cycle before they return excess margins. What that allows them to do, then, is to use that money to fund operations. So it's a source of financing.

All right. Let's talk about the quality of service that these small telephone companies provide. I hope that this is not something that is too elementary. 180 of these 500 companies own cellular properties. Cable TV, about an equal number own cable TV properties, and provide cable television to their subscribers.

Long distance. More than 100 of them provide language distance service, and the way they do that is to buy excess capacity from long distance carriers and then to resell it to their customers. And they make a thin margin on that. It's becoming more and more difficult to, I understand, to make a profit on long distance.

29 of them obtained licenses in the local multi-point distribution service, commonly called LMDS. That's a microwave type service with huge band widths, 1150 megahertz, and a smaller license of 150

megahertz. But you can do two-way video. You can do just one-way video. You can just push an awful lot of data, even in video format on those frequencies.

Personal communications services, which is like cellular, over 50 of them got licenses for that.

Some of them are now getting into the competitive business. You know, traditionally, these companies had an exclusive franchise to provide service to a little area, the one that usually the big company didn't want.

If there wasn't a franchise system in the state, like Montana, they just went and started providing service, and that became their territory And then those boundaries became the boundaries of their service area. Well, things have changed now. Some of them are raiding their next door neighbors.

One company in Montana is raiding the heart of the community. You know, the pattern for many of the companies has been the donut service type. So the hole in the donut where people -- you know where, you might have had 1000 people concentrated, was who the GTEs and the Contels and the US West got to provide the service, because it costs less, right?

They didn't want to provide service to the farms outside, where you had to run those lines way out there. So that's what these companies were left with. That's what they got. Well, now they're going into the hole in the donut. Some of them, very successfully.

It's been a real surprise to me to see who has started to provide competitive services. It's just very interesting. You know, companies that you just never would have dreamed, have decided they're going to go after that hole in the donut.

And in one case down in Texas, you know, they did -- it was a GTE town. They went in and did customer survey, and all of the employees got dressed up and went to a GTE town. GTE didn't have a headquarters in the town, of course, didn't have a real live person. They had to call somewhere in Dallas. These people were way out in west Texas. They needed a maintenance person, you know, they couldn't get anybody. They didn't see a real face when they went to pay their bill. But this little company had its headquarters in the area, in the town. In fact, in the town where GTE was, but they were serving the outlying areas.

Dressed up all their employees, had this great big promotional day, everybody went out and signed up people. Just signed them up for service. You know, they got 90 percent of the people in the town said they wanted service from this company.

Why? The personal touch. The poor service that they were getting. And so, they've been plowing -- they got permission to plow up to the curb. That was step number one. Once they got there, all they got to do now is sign up the customer.

So, about 10 or 15 companies that I can think of are doing that, getting into the competitive business.

Quality of service -- and I'll tell you a little bit later, when we get into the Telecom Act, why that's possible now. You probably heard from JD about the quality of his service. The quality of their service is like the quality of JD's service. It's great service.

Why is it great? Because the companies have had adequate funding over the years, adequate low interest loans, favorable regulatory policies, the universal service fund, or IS standards, and good management. So, they've done a great job. In fact, many of them were -- they were far ahead in digitalization of the big companies.

Will it stay the same, is my next question. How does the Telecommunications Act of 1996 change things? Will these small companies continue to be able to provide the kind of service they have? And I think this part of the talk is important to anybody thinking about doing this in the future.

It's been great, hasn't it, JD? It's been great. Had favorable policies. But is it the same? Is it still going to be great? Is it going to be as easy to succeed?

You say easy to succeed? I think it was easy to succeed. It's always easy to succeed if you have 100 percent of the market, right? How can you not? How can you not, if you're connected to every home, and you can get, you know, $50 out of every house. You got to be pretty bad not to succeed.

But does the Telecommunications Act of 1996 change things? Does it make it better or does it make it worse, for small telephone companies, and for entrepreneurs, for Tribal entities thinking about getting into telecom for the first time?

You know, you still have the poor service out there, you know. So, there's a need, obviously, to bring better service.

Well, there are a lot of changes taking place. Some of them are due to technology, so you got to deal with that. It's not the same old sleepy-eyed monopoly CBI business, because there's competition from other technologies besides wire line. There's wireless competition. There's the Internet. There's the broadband technologies that Patrick and Melvin were talking about today.

The Internet, draining data traffic, replacing fax service, playing havoc with regulatory rules.

The new Internet Provider (IP) based protocol, the new IP-based switches, and these guys can tell you more about that, and maybe you want to talk with them more about that.

Circuit switching in a network now uses a dedicated channel. It may change and no longer use dedicated channels. They will use packet switching where all of the information goes down the pipe together and gets sorted out at the other end, so that you don't have to have a dedicated circuit. And if new switches are not deployed in our networks, we're not going to be able to take advantage of that. Other people will drain off that traffic from our networks.

So, Internet Provider based switches, maybe circuit switching -- not obsolete yet, but getting there. Those are technological changes that are going to affect the future of these small telephone companies. Will they be able to deploy that IP technology, you know, on a fast enough, a quick enough basis, so that they're not -- their traffic isn't drained off?

Then there are the changes in the law itself. Before the 1996 Act, States could limit the number of providers in an area. Tribes could limit the number of providers in an area.

After the 1996 Act, competition from multiple providers threaten revenues. Competitors are interested in the high-volume traffic, and the Act says you cannot prohibit any entity from providing any service.

Now, I'm not sure, I don't think that's ever been tested with a Tribal Nation, as to whether or not a Tribal Nation could prevent a competitor from coming in. It will be an interesting issue when it does get tested. But we know that the states can't do it, and probably, if you want to be a competitor, it's kind of hard for you to say that other people shouldn't be able to compete in your territory.

Another big thing, before the law was passed, there were all kinds of implicit subsidies built into the regulatory scheme, subsidies that nobody knew about.

Why is it you could get $14 rates in Dillingham, Alaska, when they got to bring their fuel in July to run their generators? You need to fly to Anchorage for everything. There are no roads to Dillingham. It's a little fishing village of 250 people. All kinds of things make costs phenomenally high in Dillingham. And I'm sure they doing some canyons here in New Mexico and Arizona, and in some far-flung places in Colorado have high costs also.

But people are still paying $14 a month for telephone service, even though it actually costs $100 a month to bring service. You say, well, it wasn't like there was a Federal grant, right, to those telephone companies. Did you know how they were able to do it? Implicit -- hidden, is the word, hidden subsidies in the regulatory structure.

A thing called the high-cost fund. Universal service. Okay? I am not going to try to explain to you how that thing worked, even though I could, if I had an hour.

But bottom line is, there was a high-cost fund. There still is a high-cost fund, but this high-cost fund is going to change. Okay?

The other thing -- access charges. They're what your telephone company gets to let the interstate carriers, the long distance carriers, use the network. 65 percent of the regulated revenues of the 500 companies that make up NTCA's membership come from access charges. 65 percent. Not local rates, but access charges.

Guess what? How access charges are collected, how much you get, is going to change. There's a pending proceeding at the FCC right now that we're working on, on access charges.

The third factor, separations. What's that? Well, separations are rules that determine how much of your costs go in the State jurisdiction, and are paid by local rate payers, and how much goes in the interstate jurisdiction, and are paid by interstate rate payers, you know. How much gets paid by the IFCs.

Those rules have favored keeping local rates down, and also supporting high-cost companies. The FCC is going to change those rules. Why do they have to change? Well, the 1996 Act said implicit subsidies have to go. And implicit subsidies have to go because they're anti-competitive. That's the idea.

In other words, you can't come in and compete with somebody who is getting all these subsidies and supports, right? Unless you know what they are. And if you know what they are, then you can target.

The other thing is, these implicit subsidies are now going to be what they call portable, so that if -- if Melvin has a company that gets subsidies, and Patrick decides that he wants to keep with Melvin, he can go in and take Melvin's customer and get the support that Melvin was getting. All right?

So, the subsidies are portable. Now, I that's an opportunity, too. It's a problem for those who are already in the business. It's an opportunity for Patrick, who wants to go in the business. He targets Melvin's low-cost customers and gets Melvin's subsidies for those customers and he makes. It is called cherry picking, cream skimming, which we don't like, of course.

In the meantime, there are some interim rules that are sort of keeping everybody at the status quo. The high-cost fund is stable, companies are still getting their same support. But one problem is that a few years ago, everybody was buying up exchanges. They were buying old US West properties, they were buying GTE properties.

Gila River Telecommunications got started by buying US West properties. Well, you wouldn't want to do that today. You wouldn't want to go buy some US West properties today, to get started, probably. Why? Because the support that you would get out of the high-cost fund would be limited to what US West got. That's the new rule.

Now, you say well, why not take what US West got? Problem. US West gets support based on its statewide average costs. So if US West serves Albuquerque and GTE Santa Fe, right? But let's say they did serve, you know, Albuquerque and Santa Fe, and they also serve Espanola and beyond.

Well, they have to average out their costs between Albuquerque, Santa Fe, Espanola, and the Pueblos, that are high-cost, and they only get support based on their average statewide cost, which would bring their costs down.

Whereas, there's a company here called Penasco Valley, which is one of NTCA's members, that serves eastern New Mexico, I believe.

Well, all they've got is high-cost area. So their -- their average is higher. Right? Because it's all high-cost. But when you average out low costs with high costs, your costs are lower. The support you get out of that fund are lower.

So, nothing is happening on the acquisition front right now. And maybe even without that support structure, you wouldn't want to acquire anything anyhow, because some of the properties might be in such a terrible condition that it would be cheaper, with today's technology, for you to overbuild, right?

Additionally, since the law now says you can't prevent anybody from competing, you don't need to buy out a company's old properties. You can just go in there and provide service. Overbuild. Right?

You don't need to buy. You don't need to bargain. All of a sudden those properties' values -- and I'm sure JD could tell you a lot about that, because I know he was involved in some acquisitions. The property values change.

So, one of the questions I was asked to answer is, are the revenues of these companies threatened? Yes. Change creates uncertainty. They're obviously threatened.

If 65 percent of their revenues come from access, and access is changing. If 25 percent of their loop costs are allocated to the interstate, and that's changing, and it might be less. If competition is coming, and it might be less.

Are there opportunities? Yes. I think there are a lot of opportunities. The market for service is dynamic, there is still uncertain areas, and the demise of the exclusive franchise creates opportunities for you to come in as a competitor.

And you don't have to just serve on Tribal lands. You can look at a situation and say that service in that town is pretty bad. That's the opportunity I want to pursue. That may be the jumping-off point for you to come back and provide service in the Tribal areas, where there's less than 40 percent teledensity, and where you want to bring service to the Tribal lands.

But meanwhile, you've leveraged the opportunity, you've taken advantage of a great opportunity, to where it's easier to do it. Easier to be successful. And then you come back. Of course, a lot of planning goes into all of that.

So, how can Tribes benefit from all of this change? If you are a telephone company, or if you provide services to telephone companies, you will get new opportunities. And finally, let me answer this question: Getting back to who NTCA is, who I am, and whether there's anything in it for you, associated with us?

I see us as a link. We have members who have been successful. Other successful telephone companies, other service providers, are all in this big network. Besides companies, cost accountants, planners, consultant whose have expertise.

You become part of that group. You have access. Manufacturers and suppliers exhibit at these meetings. You have access to those folks. You have access to our staff by being involved with NTCA, to the staff that I have at legal and industry, to the government affairs staff that works the Hill. The NTCA's government affairs staff was involved in getting a technical correction, for example, to the Telecom Act, to ensure that Tribally-owned companies could be eligible carriers, and continue to get access to the high-cost fund.

Our mission at NTCA is to preserve rural telephone access. Over the last couple of years, one of the things we've done that is hosting Tribal workshops at our annual meeting. We did one on Tribal tax issues.

NTCA's mission is to preserve rural telephone access. Over the last couple of years, we have held tribal workshops at our annual meeting. We did one on taxation rights of way, Internet, difference in Tribal service areas, one on schools and libraries and technical corrections to the Act to ensure that Tribally-owned companies could continue receiving high cost support.

I want you to know that I'm always available. If I can help in any way to open doors, you know, give ideas, give help, you certainly, you know, should call me. I'd be happy to help you.

UNIDENTIFIED ATTENDEE: In the case of a Tribe that's looking at purchasing or overbuilding an existing system, and US West has the rate determined for this universal fund. At what point does the

Tribe, then, find out what that is? Or do they build new rather than trying to buy it, overbuild, and then who determines that new rate?

MS. GUILLORY: Okay. The question was, how do you find out what US West is getting out of the high-cost fund, if you're interesting in buying some properties. That's fairly available data. If you're negotiating with US West and have approached them at all you could get that from them. You can probably also get it on public records at the FCC.

MS. YAWAKIE: Aren't there statistics on GTE being one of the largest universal service fund companies? They get the most money, out of all companies? But some states, where these larger telephone companies like GTE or US West operate, do they get universal service funds? Do all states get universal service funds, or are there only --

MS. GUILLORY: The question was, do all states get universal service funds, and then the statement was, GTE gets a big chunk of money, and you know, so, why is there a problem?

Before I answer Madonna's question, sir, did I answer your question?

MR.POITRA: Well, you answered where to get the information. But if you decide that the Tribe does not want to buy what US West has in place, who determines, the new amount of money?

MS. GUILLORY: Madonna, I'll get back to your question in a minute. But first I will finish answering him. The question is so you find out what US West is getting, and then you say this is peanuts. I don't want to be involved. I don't want to buy these properties. And so, you decide that you're going to overbuild, right?

MR. POITRA: Right.

MS. GUILLORY: Okay. Well, and then you have to try to get the new amount. Well to get any amount, you have to be an eligible carrier? So, if you're going into a territory, let's say you decide to go after non-reservation areas, because you want that to be the jumping-off point, right? This is going to be a business deal for you, not a service deal.

You're going to overbuild on this town where they've got terrible service. You have become an eligible carrier, and the State Commission has to designate you an eligible carrier.

To be an eligible carrier, you have to agree to offer seven basic services that are defined as Federally-supported universal service. You know, dual tone, multi-frequency, 911, access to operator services, and certain voice grade quality. They're all, you know, defined services.

All right. So you get this certificate that says you're an eligible carrier, which means you can get universal service funds. What you get is then determined on your average costs. Assuming that you get designated, now, okay? Question?

UNIDENTIFIED ATTENDEE: The State hasn't got any jurisdiction, so you're not going to get a certificate from them.

MS. GUILLORY: Right. I was hoping you wouldn't ask that question, because then you've got to go and get designated as an eligible carrier by the Tribal authority, right, or the FCC. Part of what that amendment, the technical correction to the Act was about just that issue. What about if we're on the reservation, you know? We don't and the State has no authority.

Well, what the technical correction does says that the FCC has the authority. So you go get designated by the FCC as an eligible carrier, if you're serving on the reservation. And then your support, what you get out of the high-cost fund is determined on your cost. But let me warn you. Remember, I told you that high-cost is in flux?

They still haven't determined how they're going to come up with the new high-cost fund. And part of the reason why people aren't jumping in right now is that they don't know what this new fund is going to be like. Because there are all kinds of debates going on about whether or not the new fund should be based on your actual costs, what it really costs you to overbuild, or theoretical costs, called forward-looking economic costs.

And what that means is, you know, the most using the most efficient technology today, those costs. That's the cost that they would look at to fund what you're doing, even though, you know what your costs are, but the economists want to come up with a formula that will tell you what you get. Not only that, they play with it, because first they subtract what they call this nationwide benchmark from these forward-looking economic costs. Then they come up with the amount of support.

So right now is a tenuous in an uncertain time. It doesn't mean that you shouldn't be looking at it. But while you look at it, at doing that, and at future support, you know, you need to think about the changes.

For the time being, until the year 2001, that's what we know is a certainty. Right now, embedded costs, actual costs, is the basis of support. But forward-looking costs are being studied.

So, it doesn't give you much of a time frame, does it, to know that you'll get your actual costs, because you can't put that plant in there before 2001, can you? No.

Okay. Now, back to Madonna's question about GTE being a big beneficiary of the fund, and yet, presumably, there is a problem, right? Well, you know, GTE's got service in 29 states, all right? And they serve rural areas. So when you total up all of GTE's rural areas, you can see how they come up with a big chunk of universal service support out of the fund.

By the way, the total high-cost fund is less than a billion dollars. When you add this other thing in there, which is called DEM weighting, which is switching, is $1.7 billion dollars. GTE doesn't get that, because that only goes to companies with 50,000 or fewer lines, this DEM weighting pot.

But the pot that we're talking about that GTE does get support from is a billion -- less than a billion dollars, all right? They do get a big chunk of it, but it's because they're spread out all over, all right? They still have to average because the way this formula works is you get support if your average in the state -- and they call them study areas instead of states. So, say the nationwide average for cost of a line on a yearly base basis, I think it's around $200. If you're 115 percent above that, you start to get support, and it ratchets up. You get support based upon how high above the nationwide average you are.

MS. GUILLORY: Okay. I love questions. Any other questions? Yes, sir.

UNIDENTIFIED ATTENDEE: You talked a little bit about the jurisdictions, let's say for a you had a Tribally-owned telephone company. If they wanted to prohibit competition, per se, in your reservation, did you just later say that the FCC came in and contradicted that, and that they could let in competition, and override the Tribal entity?

MS. GUILLORY: No, I didn't say that. What I said was, we haven't had a fight over that yet. I don't think any Tribal entity has said you can't come in and compete. The section of the law that says no state can prohibit any entity from providing any service is section 253. It doesn't say no nation. It says no state. All right? So, I think that issue would be one that would be very complicated, and would impinge on Tribal sovereignty, and whether or not treaties require you to comply with the Telecom Act.

So I could see that being a very complicated issue, one that probably would have to be decided, ultimately, by the Supreme Court of the United States, whether or not the Tribes would be required to comply with that particular section of the Telecom Act. And you might have some compacts, too. don't know. You might have some treaties and some agreements that say, you know, we'll follow this law, in return for whatever. But what I did say was that I could see that it would be difficult to make the argument that if you want to compete as a Tribe in another area, that you wouldn't let competition in. But as a Tribe. JD?

MR. WILLIAMS: Before the 1996 Act, the Cheyenne River did run off AT&T, and we did utilize NTCA in that process. After the Telecom Act, or during that, we ran off Prime Star, because they were direct competition with our direct -- DBS system out there. No one wished to challenge us in that, but I'd have to say that we did really change forces.

MS. GUILLORY: It's very interesting. Did everybody hear what JD said? The Cheyenne River Sioux ran off AT&T and Prime Star, AT&T before the Telecom Act, and Prime Star, was it during the course of the Act?

MR. WILLIAMS: During the course of the Act.

MS. GUILLORY: But they didn't sue you?

MR. WILLIAMS: No.

MS. GUILLORY: I probably would taken a court case to resolve that. JD had a second on that. Yes.

MR. WILLIAMS: The situation, I think, that when you are a Tribal company, the importance, again, goes back to that Tribal ordinance, because you not only have communications, but you have all these working technologies, wireless. I think that the construction of all regulations comes within that ordinance; education, Tribal leadership. And therefore, you can set up road block, as much as road blocks have been set up to us for the acquisition of companies within the reservation. White people are doing it to us now.

Whether the FCC will uphold that, we don't know yet, but they've successfully done it for two years, and have done it before and after the Telecom Act. So I'm saying it's worth it for Tribes to regulate that.

MS. GUILLORY: Did everybody get that? I guess in some instances, you might want competition, or you might want someone to come in, or to have at least give them consent to come, but if you phrase it that way, you know, "You're here because we gave you the permission to come in."

MS. YAWAKIE: I think if some of these companies that look to come in to Indian Country now, even as we speak, there's companies coming on reservations without Tribes even knowing about that. So, I think that if the challenge was going to be made about them wanting to come on the reservation now, I think they're going to have to open up their historical network, or the networks that they have in place, and put that on the table, saying this is how they by-passed reservations. I don't think they want those stories told very much.

So I think there's a lot of negotiation to be done in Tribes being the carrier of last resort serving their Tribe. And it's obvious, because of the statistics, the penetration rates, that there hasn't been a lot of companies coming and saying let us serve you.

MS. GUILLORY: The wireless issue is also a an interesting one. What happened, you know, I guess that's water under the bridge, and probably unfortunate that the FCC didn't respect the sovereignty of the Tribes with respect to wireless. So if you don't have the frequencies, the companies still have to come to you for right of way siting for their towers. But if they can beam it right over, then, you know, it's a loss.

MR. NEISS: According to other documents that guarantee the rights of a utilities development on reservations, and some of the issues, such as compensation, may be they're violating even your air space. According to the treaty of 1868 that was signed at Fort Laramie, between the Sioux Tribes and some others, there is a section I can't quote it verbatim. It mentions in exchange for easements at that time it was telegraph that tribes could go to a three-member commission could be appointed by Grandfather Washington, in this case, you know, Grandfather Clinton. Eventually, we have to rely on the Creator, in our case. Others have a different name for that, but on our elders and our treaties. I sit here and talk about cyberspace, but I look more about Alex Landerman from our meetings. When we have our commission meetings, he points to our chiefs at the meeting rooms, the past chiefs, and keep them foremost in our mind, and rely on our treaties, because that could be our ace in the hole at some point.

MS. YAWAKIE: Thank you very much, Marie. I heard about Marie through several people, and some of the good work she had done with Tribally-owned telephone utilities, and I think that her approach to providing information is real helpful to this audience, and to Tribes throughout the country, as they look at improving communications.

At this time, Rebecca Seib from First Nations, will discuss how their organization can support Tribes that want to develop, or look at developing telephone utilities.

MS. SEIB: Well, I thank you for this opportunity to discuss our programs. We are a Native-owned, Native-led foundation, and we supply technical assistance, as well as grant money, to reservations, as well as rural Indian communities.

We have several granting programs. One is a seed grant, up to $5000. That is for an investigation process or feasibility study of a program for culturally-appropriate economic development strategies.

We understand that each Tribe has their own way of implementing economic development, and we are looking for sustainable models for implementation of these programs.

In the utilities area, I think our Eagle Staff fund, which is our grant-making arm, is very appropriate for Tribes at this particular time, especially in the telecommunications area.

I see, within this room, various levels of investigation, as well as implementation of telecommunication networks throughout Tribal communities.

Our seed grant, of course, would apply to those that are just trying to get into the business, who want to investigate the possibility or the feasibility of entering this type of economic development venture on the reservations, or within your rural community.

We have another grant called start-up grant. It goes up to $75,000, for a one-year grant cycle. That grant involves the need to show evidence that you have done preliminary research into your area, and it's a start-up grant that will cover administrative costs.

That is not core administration. Remember that. It's project-specific administrative costs, as well as if you need some kind of equipment. But we don't just fund equipment costs. It has to be related to your project.

We have another granting area called working capital. Working capital is for a business enterprise. It can be a Tribally-owned enterprise. It can be a non-profit enterprise. It can also be a private enterprise owned by a Tribal member on a reservation, but the money that we would grant would have to have the physical agent of a non-profit or of the Tribal council. We can't give money directly to a private corporation, for example.

And it has to be for economic development, again, for the community. In other words, it just can't be a restaurant. It has to be something that is applied to the entire community, and the economic development of the entire community.

We have other grant opportunities, that you need to be invited for. Those are called organizational effectiveness grants, where an organization would look at itself, see if it's accomplishing its mission, look at its employees, to see if you have the right type of expertise to carry out what you are doing in your projects, look at your board of directors, to see if you're going in the right direction that you want to go into.

We have another grant called DeCap, Development Capital Grant. That's specifically earmarked for policy implementation, when you're addressing a policy that is going to affect your community or Indian Country as a whole.

And I can give you some examples of that. Fred Dupray is looking at developing a standards to judge bison meat and by-products, for commercialization or for sale. He is looking to exceed the USDA standards, so that -- in implementing Indian-owned, Indian-raised and Indian-approved bison products.

That's a policy issue. So, telecommunications has a lot of different policy implications, as well, that could fit into that type of a grant.

We have a lot of opportunity at First Nations Development Institute. We keep track of what's going on the Hill, and how it is affecting Indian communities around the lower 48, Alaska, Hawaii, as well as the American territories, such as Samoa and Guam.

We also have an international arm. It's called First People's Worldwide, and we work with indigenous people. For example, we have a project in Botswana. We also have a project in Australia, and there, we are just providing technical assistance for land rights issues. Especially the people in Botswana are getting moved from their traditional lands. And we're working with local groups in Botswana on land rights issues.

So, we have a wide variety of issues that we're looking at. And we see utilities as an up-and-coming and exciting area for Indian Country, because you're developing your infrastructure. You cannot have economic development without a sound infrastructure.

We may be able to fill that void that RUS doesn't fill, and other utility monies don't fill. And that void is administration and start-up costs.